

1.0 Department of Insurance - Comprehensive Health Insurance Pool**Summary**

The 1990 Legislature passed House Bill 67 which created the Comprehensive Health Insurance Pool Act (UCA31A-29) in order to provide low cost access to health insurance coverage to residents of Utah who are denied adequate health insurance and are considered to be uninsurable.

The Pool is funded by appropriations from the Legislature, premiums paid by those insured and by employers who do not qualify for other health insurance (at the same rate as employees who do qualify), and interest and dividends. An actuary evaluates the pool to assure adequate funds are available to address the needs of the pool membership.

Financial Summary

	FY 1999	FY 2000
Financing	Estimated	Analyst
General Fund	\$4,135,100	\$4,135,100
Dedicated Credits	3,939,000	5,390,000
Beginning Nonlapsing	5,908,300	7,328,100
Closing Nonlapsing	(7,328,100)	(8,943,800)
Lapsing	0	0
Total	\$6,654,300	\$7,909,400
Programs		
Comprehensive Health Insurance	\$6,654,300	\$7,909,400
Building Blocks	0	0
Total	\$6,654,300	\$7,909,400
Standard FTE	0.00	0.00

2.0 Budget Highlights: Comprehensive Health Insurance Pool

2.1 Pool Base Funding

The Comprehensive Health Insurance Pool is a self-funding enterprise fund, required to meet the needs of the members. Because of the nature of this Enterprise Fund, a General Fund supplement is required to keep the pool solvent. The Pool membership has been growing, the immediate financial need is well below the General Fund supplement currently in the base funding for the Pool. This recommendation assures payments of all claims estimated by the actuary with a carry-over into the next fiscal year of more than \$8,900,000. Last year's estimate of carryover was exceeded by more than \$1,100,000 when the year actually ended. The estimates for FY 1999 and FY 2000 continue the trend of an increasing carryover. This is helpful to establish a reserve necessary to address future funding requirements of this type of pool.

Executive Director Hired

During the interim period since the 1998 General Session, the board of the Comprehensive Health Insurance Pool has contracted the services of an executive director. The processing of claims is done on a contractual basis through Blue Cross/Blue Shield of Utah. The contract for the executive director is with the Utah State Department of Health for \$40,000 plus expenses. This is paid with funds of the pool. The person serving as the director also serves as the executive director of the Children's Health Insurance Pool (CHIP) at the Department of Health.

3.1 Programs: Comprehensive Health Insurance Pool

Recommendation

The Analyst recommends a total budget of \$7,909,400. This includes General Fund, Dedicated Credits, Beginning Nonlapsing Funds and an estimated Closing Nonlapsing Balance. With the General Fund supplement, the fund is estimated to be able to accept all new applicants that may apply and keep the Pool solvent throughout the year. Based on projected usage, the reserve pool is estimated to continue to grow.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$5,000,000	\$4,135,100	\$4,135,100	\$0
Dedicated Credits	2,787,800	3,939,000	5,390,000	1,451,000
Beginning Nonlapsing	2,562,400	5,908,300	7,328,100	1,419,800
Closing Nonlapsing	(5,908,300)	(7,328,100)	(8,943,800)	(1,615,700)
Total	\$4,441,900	\$6,654,300	\$7,909,400	\$1,255,100
% Change		49.8%	18.9%	
Expenditures				
Travel	\$2,100	\$2,300	\$2,300	\$0
Current Expense	4,439,800	6,652,000	7,907,100	1,255,100
Total	\$4,441,900	\$6,654,300	\$7,909,400	\$1,255,100
% Change		49.8%	18.9%	
Standard FTE				
Expansion FTE				

Summary

The Comprehensive Health Insurance Pool is a self-funded medical insurance pool administered by the State Department of Insurance. This is done with the assistance of a contract firm to process the claims and an actuary to evaluate the Pool's financial requirements. Increased population and additional publicity have increased knowledge and usage of the Pool. An executive director has been contracted to manage the business of the program.

Pool Base Funding

Due of the nature of this Enterprise Fund, a General Fund supplement is required to keep the pool solvent. Though Pool membership has been growing, the immediate financial need is well below the General Fund supplement currently in the base funding for the Pool. The FY 2000 recommendation assures payments of all claims estimated by the actuary with a carry-over into the next fiscal year of more than \$8,900,000.

Contract Processing

Blue Cross / Blue Shield of Utah has the contract to process the claims made to the

fund. The contract authorizes payment of \$40.00 per month for each subscriber enrolled during the month. It is estimated that as many as 1,500 members could be members of the pool by the end of FY 1999. There could be as many as 22,400 claims.

**Executive Director
Hired**

During the interim period since the 1998 General Session, the board of the Comprehensive Health Insurance Pool has contracted the services of an executive director. The processing of claims is done on a contractual basis through Blue Cross/Blue Shield of Utah. The contract for the executive director is with the Utah State Department of Health for \$40,000 plus expenses. This is paid with funds of the pool. The person serving as the director also serves as the executive director of the Children's Health Insurance Pool (CHIP) at the Department of Health.

**Major Pool
Expenditures**

The major expenditures of the Pool are:

Processing Contract	\$672,000
Actuary	15,000
Executive Director	40,000
Claims / Damages	<u>7,182,400</u>
Total	<u>\$7,909,400</u>

**Nonlapsing Balance for
FY 2000**

The Analyst has included a recommendation for FY 2000 Closing Nonlapsing Balance due to the nature of the Comprehensive Health Insurance Pool. It is important that sufficient funds are available for those estimated to be enrolled without depleting the fund to the point that extreme cases will overdraw the fund. Members of this fund are, by the nature of the program, higher risk, and consequently will have higher expenditures.

Performance Measures

The Comprehensive Health Insurance Pool Board prepares an annual report for the Legislature which will include performance measures. These will be distributed by the Insurance Department at the budget hearing. The key elements are to assure enrollment is available to all who qualify and quick and efficient processing of every claim.

As of December 31, 1998, there are 1,115 individuals enrolled in the pool.

Enrollment, in the Pool, which is a key element to track, depends on adequate funding. Funding is sufficient at the present time. The Analyst tracks reliable data to determine the potential enrollment and assure adequate funding.

4.0 Tables: Department of Insurance - Comprehensive Health Insurance Pool

Programs	FY 1996 Actual	FY 1997 Actual	FY 1998 Actual	FY 1999 Estimated	FY 2000 Analyst
Comprehensive Health Insurance	\$4,001,600	\$3,571,900	\$4,441,900	\$6,654,300	\$7,909,400
Building Blocks					0
Total	\$4,001,600	\$3,571,900	\$4,441,900	\$6,654,300	\$7,909,400
% Change	38.2%	(10.7%)	24.4%	49.8%	18.9%

Financing	FY 1996 Actual	FY 1997 Actual	FY 1998 Actual	FY 1999 Estimated	FY 2000 Analyst
General Fund	\$0	\$0	\$5,000,000	\$4,135,100	\$4,135,100
Dedicated Credits	2,200,000	1,894,300	2,787,800	3,939,000	5,390,000
Beginning Nonlapsing	6,345,600	4,544,000	2,562,400	5,908,300	7,328,100
Closing Nonlapsing	(4,544,000)	(2,866,400)	(5,908,300)	(7,328,100)	(8,943,800)
Total	\$4,001,600	\$3,571,900	\$4,441,900	\$6,654,300	\$7,909,400
% Change	38.2%	(10.7%)	24.4%	49.8%	18.9%

Expenditures	FY 1996 Actual	FY 1997 Actual	FY 1998 Actual	FY 1999 Estimated	FY 2000 Analyst
Travel			2,100	2,300	2,300
Current Expense	\$4,001,600	\$3,571,900	\$4,439,800	\$6,652,000	\$7,907,100
Total	\$4,001,600	\$3,571,900	\$4,441,900	\$6,654,300	\$7,909,400
% Change	38.2%	(10.7%)	24.4%	49.8%	18.9%
Standard FTE			0.00	0.00	0.00